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1 October 1951

Memorandum for Senator Ferguson briefing

1. I have received your letter of September 13th and as I told your office on the telephone, it has taken a little time to pull together even the general remarks which are set forth below. Your letter states that you have been told on the highest authority that Italian industrialists were making cash contributions to the support of the Communist Party in Italy.

2. To a certain extent this information is correct. In Italy the Communists have retained essential leadership and political support of the bulk of labor and stymied the progress of the non-Communist unions. They still control the majority of local Chambers of Labor with their worker placement powers. Because of strong Communist power in the labor movement, various Italian industrialists still contribute a form of blackmail to Communist coffers in return for labor peace or concessions. In addition, many industrialists in Italy do not distinguish between Communist and non-Communist labor organizations, but rather consider labor in bulk as hostile to management. This strengthens the class concept of labor and plays into the hands of the Communist unity of action strategy. Thus, the non-Communist unions are squeezed between the more powerful and more vigorously led Communist unions on the one hand and the owners on the other.

3. Over a long period of time,

various Italian industrialists were contributing to the support of the Italian Communist Party as well as to right wing parties.

These payments stem from the desire of Italian industrialists to ensure their positions in the event of a change in government favoring either the extreme left or the extreme right. In addition, these industrialists pay off the Communists in return for the support of labor in their factories and working establishments, so they can keep their business going without interruptions from strikes and sabotage.

4. Payments to Communist groups in Italy ^{are} not limited to any particular group of industrialists, ~~nor is it believed that~~

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these contributions have materially affected the growth of Communism in Italy. While we feel that this information is correct, it is almost impossible to confirm reports conclusively. This is a subject which we are examining very carefully.

therefore, making the above comments with a request that the information be utilized with the greatest discretion as to its source, particularly in view of the fact that the press has already carried word that Senator Ferguson is seeking this information from CIA.

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Walter L. Pforzheimer

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